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28 February 1958

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# CENTRAL INTELLIGENCE BULLETIN



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## CENTRAL INTELLIGENCE BULLETIN

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### DAILY BRIEF

#### I. THE COMMUNIST BLOC

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*OK*  
\*USSR: Signs of disagreement noted earlier in the Soviet leadership over Khrushchev's agricultural proposal were not reflected in the 27 February announcement of the party central committee's approval of the plan. Implementation now appears certain. High-level opposition is no longer possible without provoking a political showdown.

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OK

Yugoslavia: The regime appears to be preparing to undertake a dramatic new diplomatic initiative for the purpose of fostering East-West summit talks, in an effort to bolster Yugoslavia's international prestige. Frustrated as a result of Belgrade's increasingly isolated position between East and West, Tito probably feels compelled to create the impression that he is once again playing an important role in international affairs before the national elections on 23 March and the Yugoslav party congress scheduled for April. [redacted]

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## II. ASIA-AFRICA

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OK

Spanish West Africa: The second phase of Spanish-French operations in Spanish Sahara has ended with Army of Liberation irregulars absorbing a "hard beating," [redacted]

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Many

[redacted] of the guerrillas have probably taken temporary refuge on Moroccan territory, giving the French and Spanish only a respite. [redacted]

OK

Nasir's 26 February speech: Nasir's public attack on the Baghdad Pact and the Iraqi-Jordanian federation as unions formed by "imperialists" opposing his program for Arab unity probably foreshadows another Egyptian-Syrian campaign to drive a wedge between King Saud and the Iraqi-Jordanian federation and to undermine the government of Jordan. In developing psychological support for such a campaign, Nasir may use a rejuvenated government of "Arab Palestine" to appeal to the Arab refugees in Jordan. [redacted]

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On the basis of findings by its Watch Committee as of 27 February 1958, the Intelligence Advisory Committee concludes that tensions in the Middle East continue to create possibilities for serious incidents. Although Arab states have recently appeared concerned over immediate Israeli intentions, a deliberate initiation of hostilities in the Middle East is considered unlikely.

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*No*  
Cyprus: New British proposals are anticipated which will probably include an interim period of self-government followed by a plebiscite on the island's future status, and the granting of a military base on Cyprus to Turkey. Although the Greek foreign minister seems receptive to these ideas, the immediate reaction of Archbishop Makarios, EOKA, and Turkey will probably be unfavorable.

On the basis of findings by its Watch Committee as of 27 February 1958, the Intelligence Advisory Committee concludes that there is no evidence of Sino-Soviet intention to become militarily involved in the Indonesian situation. The Djakarta government is apparently determined to take measures to subdue the dissidents by economic blockade and military action. An early resolution of the issue is unlikely. Sukarno's uncompromising attitude, his charge of Western interference, and the continuing economic and administrative deterioration favor the Communist position on Java and exploitation by the Sino-Soviet bloc.

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### III. THE WEST

Argentina: President-elect Frondizi, [redacted] has told the American Embassy in Buenos Aires that he desires "frank and informal discussions" with the United States. This approach is probably a build-up to a request for a large loan.  
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*yes*

Cuba: Rebel leader Fidel Castro's campaign against President Batista has apparently entered a new phase of attracting attention by daring exploits in Havana in lieu of inconclusive military skirmishing in the mountains of eastern Cuba. Scattered incidents of terrorism and sabotage continue throughout the island, and Castro continues to call for a general strike as a means of ousting Batista or forcing postponement of the elections scheduled for 1 June. There is as yet no indication that the government's position is seriously threatened. [redacted]

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#### IV. SIGNIFICANT INTELLIGENCE REPORTS AND ESTIMATES

(Available during the preceding week. )

Estimate of the World Situation. National Intelligence Estimate Number 100-58, 26 Feb 58. [redacted]

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Prospects and Consequences of Arab Unity Moves. Special National Intelligence Estimate Number 30-58, 20 Feb 58. [redacted]

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Sino-Soviet Bloc Economic Activities in Underdeveloped Areas, 1 July through 31 December 1957. Economic Intelligence Committee. Economic Intelligence Report Number EIC - R 14 - S 4, 28 Feb 58. [redacted]

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### Central Committee Approves Khrushchev's Agricultural Proposal

The central committee of the USSR's Communist party has endorsed Khrushchev's proposal for transferring Soviet agricultural machinery from the machine tractor stations to the collective farms. Implementation of the reorganization is practically assured and the approval gives Khrushchev a club with which to beat down any rearguard opposition such as the "anti-party group" which formed against his industrial reorganization plan last year.

The central committee convened on 25-26 February, heard a report by Khrushchev, and, "recognizing the correctness and timeliness of the proposal," apparently adopted it in short order. Neither the speed with which the plenum reached a decision nor the working of the announcement reflect earlier suggestions of high-level disagreement over the proposal.

The central committee put forth a five-point decision which followed closely the pattern laid down by Khrushchev last month in Minsk. A nation-wide discussion of the plan is now to take place, after which it will be submitted to the next session of the Supreme Soviet for approval. Khrushchev himself has been appointed to present the final proposal to the Supreme Soviet.

While specific details of the proposal have apparently still not been formulated, control of the machinery by the collective farms should result in real improvement in agricultural efficiency, perhaps even during the 1958 growing season for those collective farms receiving machinery immediately.

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Tito Seeks to Restore Yugoslav International Prestige

President Tito apparently is about to attempt to regain his influence in international affairs. His recent efforts to assume a leading role among the "unattached" states and in the preparations for a summit meeting have failed, as apparently have his efforts to overcome his isolation between East and West. The US Embassy reports that the Tito regime considers the decline in its international prestige "intolerable."

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Ambassador Rankin observed on 26 February that the "atmosphere in Belgrade is ripe for some type of Yugoslav effort to reassert the pretension of playing a major role on the world scene."

The Yugoslav party congress in April and national elections scheduled for March are immediate reasons for Tito to attempt some dramatic gesture. In the past, his ability to give the appearance of playing an international role far beyond that which his country merited has been a major element in stemming his internal opposition and maintaining popular support for his regime.

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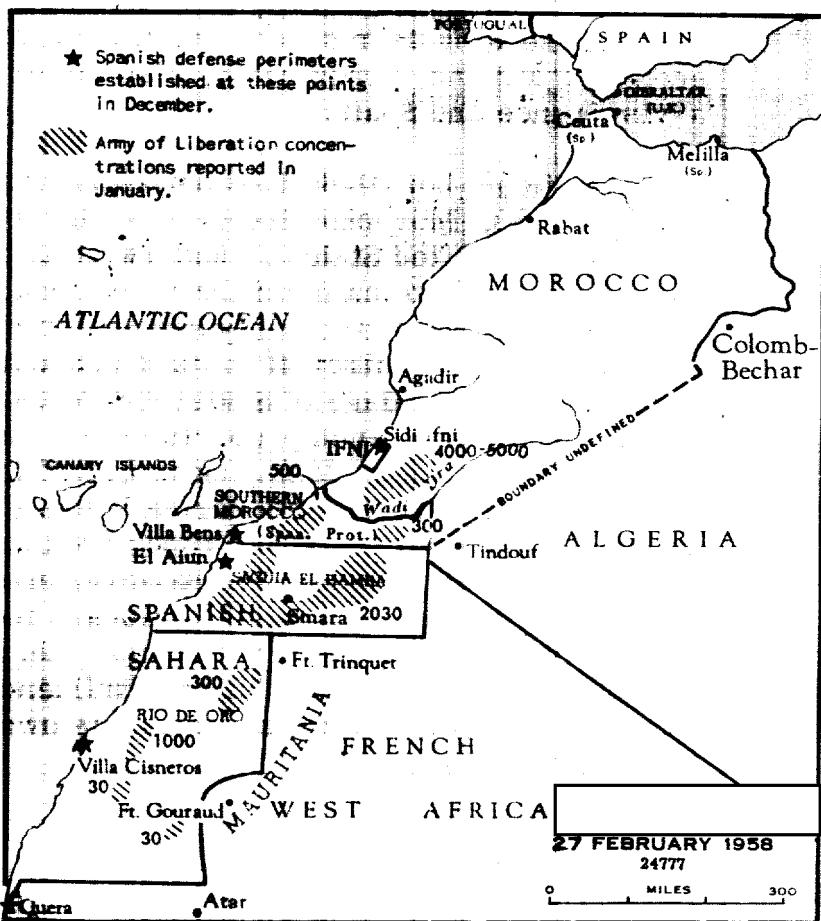
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### Situation in the Western Sahara

Army of Liberation guerrillas absorbed a "hard beating" as a result of the Spanish-French military operations in Spanish Sahara which ended on 25 February, [redacted]

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25X1 [redacted] Official casualty statistics will apparently not be released, but Madrid officials are saying they expect the Sahara to be quiet "for some time." This seems unlikely, however, as many of the guerrillas have probably taken temporary refuge in Moroccan territory. At best, the two powers may get a short breathing spell during which Spain apparently intends to reorganize its defenses in the area and to maintain daily liaison by radio with French forces in Mauritania. The Spanish are sending more supplies and equipment to the Ifni enclave, where some fighting presumably continues.

A statement may soon be forthcoming from Rabat officially endorsing for the first time most of the extensive western Saharan claims long advanced by extremists of the dominant Istiqlal party. Such a statement would probably include an assertion that Colomb-Bechar and Tindouf, now administered by France as parts of Algeria, are Moroccan. Already Moroccan King Mohamed V, in a 25 February speech at a remote Moroccan village near the undefined frontier with the Algerian Sahara, has specifically underscored Morocco's "historic rights" and the determination of his government to seek the return of "our Sahara." This week Rabat also, in effect, formally protested consideration by the International Bank for Reconstruction and Development of a loan requested by a French mining company which hopes to exploit iron ore deposits in the Fort Gouraud area of Mauritania. [redacted]

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Nasir's Speech May Herald New Pressures on Jordan

Nasir's 26 February speech in Damascus attacked the Baghdad Pact and the Iraqi-Jordanian union as "false federations" which would be overcome by the movement for greater Arab unity, presumably led by his own United Arab Republic (UAR). By suggesting that the federation of the two monarchies is an "imperialist" device, Nasir probably hopes to scuttle Iraqi and Jordanian efforts to gain the adherence of King Saud and at the same time further his own campaign to undermine the Jordanian Government. Before Nasir's speech, a Saudi Foreign Ministry official had said the King intended to favor the Iraqi-Jordanian union although he would join neither group formally.

Nasir is reported to be planning to bring Gaza into the UAR, after restoration of an all-Palestine government. A preliminary step in that direction seems to be indicated by an Egyptian announcement on 25 February that new executive and legislative councils have been established in Gaza. These councils would probably serve as the instruments for approving union with the UAR.

Such a move would provide psychological support for Palestinian Arab agitation against the Jordanian Government, which in 1950 annexed a portion of Palestine along the west bank of the Jordan River. Further pressure on the Iraqi-Jordanian federation could result from an increase of Egyptian-Syrian military strength in Syria. American military attachés in Damascus report indications that such a build-up may be planned.

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### Cyprus Situation

The Greek Government now appears ready to accept British proposals, which it expects within 20 days, for a Cyprus solution, and Foreign Minister Averoff is optimistic that a settlement of the issue is possible. Averoff believes that the proposals will involve a period of self-government for Cyprus, to be followed by a plebiscite to determine the island's future status. The Cypriots probably would vote for enosis--union with Greece. The Greeks assume that, to placate the Turks, the British plan will include provisions for establishing a Turkish military base on Cyprus and international guarantees for the Turkish minority on the island.

While Averoff's apparent willingness to accept a Turkish base on the island is a hopeful sign that progress on the issue is possible, his optimism about a settlement is probably unwarranted. London probably has not yet decided on a specific plan for a Cyprus settlement. While proposals along this line were discussed during the recent Anglo-Greek conversations, London is likely to consult further with the Turks before making definite offers. The Turks remain firmly opposed to enosis and continue to demand partition of the island. There is also little likelihood that Archbishop Makarios or EOKA would accept any plan including the presence of Turkish troops on Cyprus. In addition, a cabinet crisis, which appears to be developing rapidly in Greece, could seriously weaken the Karamanlis government and reduce chances for advance on the Cyprus issue at this time.

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### III. THE WEST

#### New Argentine Government Probably Will Seek US Loan

President-elect Frondizi's request to the American Embassy in Buenos Aires for "frank and informal" discussions is his first direct contact with any United States official, and it probably foreshadows a request for a large loan.

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When he takes office on 1 May, Frondizi will be confronted with increasingly serious trade and payments deficits and with the task of rehabilitating the state-owned power, transport, steel, and oil-producing facilities. The provisional Aramburu government has estimated the cost of Argentina's immediate needs for transportation and basic industry in the government sector as \$1.3 billion in hard currencies. The government has recently sent a trade mission to the Soviet bloc in search of industrial credits.

Frondizi plans to send a representative to the United States immediately to solicit investments. He says he also plans to encourage local private enterprise but that he must first get financial help for existing government utilities.

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